19

International projects

19.1 Introduction[a]

Another categorization of projects is international projects, that is projects involving parties from two or more countries. These projects have problems very specific to themselves, but particularly the problem of cultural fit. Indeed, as we shall see, the term 'international projects' can involve a multitude of different types of projects with a range of features. In this chapter, I consider the different types of international project and their management and characteristics. I then list common problems associated with their management and describe how to overcome them. I explain the issue of cultural fit, and describe work done by Hofstede, and what it says about the approach of different nationalities to the management of projects. I also describe the tensions that can arise on projects in developing nations, especially between a donor and recipient country. I then explain how to manage and win international projects.

19.2 Types of international project

International projects come in many forms and may include the following:

Projects in your own country for a foreign client
There are many reasons why a foreign client may want to make an inward investment into your own country. They may want to develop new markets, make use of local expertise or labour, or gain access to raw materials. In this case, you will have the familiarity of working in your own environment, within your own legal system, and with familiar subcontractors. The main difficulty will arise from working with a client of a different culture with an unfamiliar way of doing business. It will be important to understand their different approaches and to try to accommodate them. You may expect that, because they are working on your own home ground, the client will be making an attempt to respect your local culture and ways of working.

However, it can still be valuable to understand their culture, so that you can understand their ways of working, and not unwittingly offend them. The exception can be working with Americans, in which case you can expect them to expect you to adapt yourself to their culture entirely (see Example 19.1).

While running a course in Malta, I spoke to a Maltese who had just completed an assignment with the US Navy in Naples. He had been employed as a consultant, but effectively worked as an employee of the US Navy. He said that he had been told that he would be sacked if he accepted so much as a cup of coffee from a contractor as that could be interpreted as a bribe, and he certainly was forbidden to pay anything that could be interpreted as a bribe. He said it was virtually impossible to work in Naples without lubricating the wheels with 'commissions', and a contractor would be deeply offended if you refused a cup of coffee.

Example 19.1   The foreign client respecting the local culture

Projects in your own country using foreign contractors
You may use a foreign contractor because you need to buy expertise not available in your own country, or because to do so would be cheaper than to use local alternatives, or because you are to a certain extent compelled to do so by European or other international competition laws. As a contractor working for a foreign client you may be required to use a subcontractor nominated by the client. The problems are again mainly ones of different cultures and ways of working. Now you may expect even more that the supplier will respect your way of doing business, especially if they want to break into your local market. However, it can still be valuable to understand their approaches just to avoid any misunderstandings (see Example 19.2).

I once spoke to an American partner of Andersen Consulting. He told me that when they were sending a consultant to an assignment in a mainland European country, the consultant was sent on a two-week language and cultural awareness course. However, if they were being sent to Britain, they were not sent on such a course, but he felt they should be. English and American English are different, and sometimes quite significantly so. (You tell the English to walk on the pavement, and they will walk on what the Americans call the sidewalk; you tell Americans to walk on the pavement, they will walk down the middle of the road on what the English call the tarmac). On a recent visit to the United States, I often found myself asking a question as a rhetorical question and finding it interpreted as a statement by my hosts. (I have the same problem in the Netherlands, but not in France.) I commented on this to one of my hosts, and she said she found it very arrogant to ask a question by stating what I thought to be the answer, yet it is normal behaviour in England and France.

Example 19.2 Working as a contractor overseas

Projects in a foreign country for which you are the client

The reasons why you may want to make an inward investment into another country are stated above. Now we will be working in a different business environment and legal system to which we will almost certainly have to adapt. We may expect our suppliers to respect our cultural traditions, and as the client we may have some influence in that respect. However, it may still be necessary to understand local traditions, just because we are in the minority, and because we may unwittingly cause offence as implied in Example 19.1. (See also Example 19.3.)

Under US federal law, US companies are forbidden to give bribes anywhere in the world. Under German federal law, German companies are forbidden to give bribes in Germany. But if they are operating in a part of the world where offering 'commission' is part of standard business practice, then they are allowed to pay it, and it is treated as an allowable business expense for tax purposes in Germany. Many employees of American companies have told me that when working overseas, one of the reasons for forming joint ventures is to pass the bribes via the joint venture partner.

Example 19.3 Respecting local traditions vs expecting your traditions to be respected

Working as a contractor for a foreign client in their country

You may have been employed for your expertise, you may have been used because your own government provided aid, and required that a certain element of the contract should be procured in your country. The aid may even have been in the form of services rather than cash. As well as problems of cultural differences, risks you may encounter include:

– the financial risks and credibility stakes may be high
– as the client is employing you for your expertise, they may not know very much about the project and the scope may not be well defined
– because of this lack of knowledge the client may not have full confidence in the project
– the project management and interfaces with the client may well be executed in a foreign language
– the client may have a significantly different cultural background and not be confident in your project management techniques
– with fewer shared cultural and commercial assumptions, the chances of a damaging misunderstanding arising are much greater.

A solution to many of these problems is to include local nationals into your project team. This has the benefit of enabling you to avoid many of the language, cultural and social difficulties, as well as opening doors for you

in the country within which you are working. Under normal circumstances you will be expected to work within local traditions (see Examples 19.1, 19.2 and 19.3). The exception is aid projects, where as a representative of the donor country you may have greater expectations of the locals conforming to your ways of working. However, this is often not the case (see Example 19.4).

The Jamaica Maritime Training Institute Project lasted for more than 13 years with Norwegian aid money. The project was originally planned for three years. However, as the project neared its original end date, local job opportunities for the Jamaican staff were limited. Hence, they had no desire to complete the project. This was well understood by the local authorities. The prevailing prognosis, after 13 years of project work, is that at least another five to seven years of work are needed before the original goal, as it was formulated, could be reached. This does not even include the development of a counterpart staff professional enough to take over all necessary administrative and technical responsibilities!

Example 19.4 A foreign aid 'failure'

Projects in a country for clients also alien to the country

This is likely to be for a multinational company used to operating world-wide. Such a company is likely to be fully aware of most of the related problems. When it decides to proceed with an international project it is usually after stringent research and development studies and most of the main potential pitfalls have been addressed. A typical example of such a project might be the building of a refinery for an international oil company in the Middle East. Characteristics of such projects might be:

– well defined project scope
– stringent contractual and funding conditions
– the client will closely monitor all aspects of the project in an extremely professional way
– the client may well insist on various aspects of the project being carried out in a very prescribed way and may require you to utilize some of its existing facilities
– the law applying to contracts may be that of the country where most of the work is to be executed. This could cause difficulty when operating in countries with significantly different cultures.

The client will most likely have a much better appreciation of the overall context and factors affecting the potential success or failure of the project than you will. It is therefore essential that you talk to them at all times, maintain their confidence and use their expertise.

Multinational joint ventures

This type of project is often the most difficult to execute, not from the technical viewpoint, but from the complexity of dealing with a number of different national bodies each with its own aims and priorities. A good example of such a project is the development and production of the high-speed trains for the Channel Tunnel which was undertaken by an international team on behalf of the British, French and Belgian railway authorities. Features of these projects include:

– complex multinational contractual and funding arrangements
– multinational project teams
– relatively poor project definition at the outset
– a requirement to observe and maintain national interests
– the project may be spread out over a wide geographical area if each participating nation expects to execute its own share of the work
– good communications are of paramount importance.

With this type of project it is essential that the organization structure is set up correctly and implemented right from the start. Lines of responsibility, authorities and demarcations must be clearly understood at all levels. A good principle is to ensure that truly multinational teams are established in each major work location. This provides an informal communication facility between nations and, among other advantages, helps to avoid cultural and language problems.

19.3 The problems of international projects

Having considered some of the types of international project, we can identify some of the problems that arise in their management.

Culture

The main problem is one of culture. Our approach to personal relationships, our approach to doing business and our approach to project management are determined by our basic mental programming. The lily pond model (Figure 19.1) illustrates that our behaviour is the visual representation of our attitudes and beliefs, which is determined by our values and basic programming, which in turn is based on our unquestioned assumptions about what is right and wrong. Hofstede[1] identified that our assumptions are based on our family, education, linguistic, gender, social, regional, religious and ethnic backgrounds, and these influence our behaviour as individuals, in groups and as professionals. In working on international projects we need to understand the approaches of different cultures, to be able to work with people and predict behaviours, and not to give and take offence. The next section deals with this in greater detail.
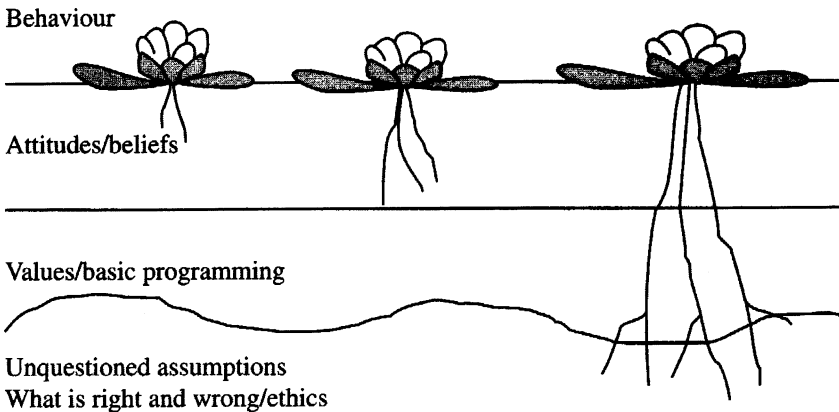
Behaviour

Attitudes/beliefs

Values/basic programming

Unquestioned assumptions
What is right and wrong/ethics

Figure 19.1   Lilly-pond model

Distance
The second most significant problems arise from the degrees of distance.
The most obvious dimension of distance is geographic remoteness, but
there can be other dimensions of distance as well:

- *time zone*: it can be easier for someone in Britain to work with someone
  in South Africa, and someone in New York to work with someone in
  Argentina than people in New York and Britain to work together, because
  of overlapping working hours in the first two cases
- *organizational behaviour*: in some organizations that encourage
  individualistic behaviour or strongly functional working, even people
  working in adjacent offices can be remote from each other (see Example
  19.5); new people joining an organization (or a new joint venture) must
  learn the language, jargon and ways of working before they can work
  effectively (see Example 19.6)
- *language and culture*: these also cause degrees of distance, as discussed
  above (see Figure 19.2)
- *professions*: each comes with its own jargon and mental models, which
  can cause as much remoteness as language and culture.

Modern technology, such as e-mail, fax, video conferencing, satellite
telephones and Internet and Intranet are helping to eliminate some of
these degrees of difference and reinforce others (see Example 19.5
again). Indeed, some people are turning modern technology into an
opportunity, achieving 24-hour working on design projects, with
people working in India, London and California sharing a common database.
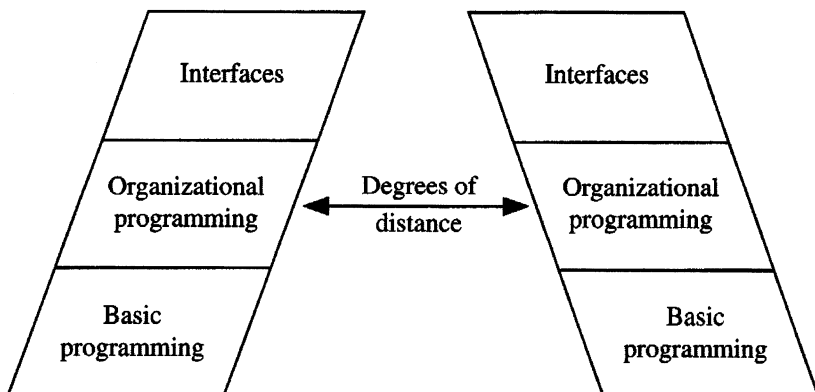Firms from Europe and North America are also having design work,

Figure 19.2 Degrees of cultural distance

computer programming and even secretarial services provided from India, where wage rates are low, but productivity and quality are high.

At Henley Management College, there is something of a ritual of morning and afternoon coffee. It can be a useful way of networking within the organization, and asking someone a question as an alternative to telephoning them or sending a memo or e-mail. A visiting academic from North America commented on this, and said that in his university he did not see most of his colleagues from one day to the next. He came in at 8.30 in the morning, went straight to his office, came out only to give lectures or go to the library, and went home at 5.00 in the evening or even later. Academic research assessment techniques which reward individual performance greater than team performance reinforce this behaviour.

Example 19.5 Organizational remoteness (1)

My sister-in-law, on joining the consultants McKinsey, was handed four typed pages of acronyms and told to learn them by the next day or she would not be able to work effectively.

Example 19.6 Organizational remoteness (2)

Organization, management and communication
International projects often require more complicated organization structures in order to deal with a number of factors including:

– collaboration with joint venture partners
– special requirements from funding agencies

– national interests, and the requirement to use local labour and suppliers
– local administrative requirements
– providing facilities for expatriate personnel.

Productivity and logistics

The need to use local labour, transportation or storage facilities can cause difficulty. Working abroad you may employ local labour for non-specialized functions, as it will be cheaper. Sometimes, especially when working for the government, it may be a contractual requirement to make a given percentage of the costs sourced locally. The productivity of local labour may be lower. There is a rule of thumb that the lower the wage rates of a country, the lower the productivity, sometimes such that unit labour costs are higher. (One major exception is India where productivity rates tend to be as high as in Western countries.) You also need to be aware of local working patterns (see Example 19.7). Another difficulty can be local social security and employment legislation (see Example 19.8). To cope with this it can be a good idea to employ all local labour through a local joint venture partner.

I ran a three-day course in Egypt. I asked the local organizers what working patterns I should have during the day, and they said whatever I normally did in the United Kingdom. On the first day we started at 0900 and broke for lunch at 12.30, returning at 13.30. The audience were asleep for most of the afternoon. I asked what the problem was and they said that their normal day was to start at 0700 and work for seven hours until 1400. They would then have lunch followed by a siesta in the heat of the day. We did that on days two and three of the course.

Example 19.7 Local working hours

Someone on a course at Henley Management College had worked on a project to build a new airport in Nairobi. At the end of the four-year project it was found that under Kenyan employment law it was almost impossible to sack someone if you had employed them for more than 12 months continuously – difficult if you are working on a transient project.

Example 19.8 Local employment law

Local legislation and regulation

Finally, work in a country often has to be done under the law of that country, including laws covering:

– contract
– business

– employment
– health and safety
– environmental protection and planning.

For this reason it can often be critical to employ a local agent who can ensure that you meet all the local requirements. In the Middle East, having a local agent is in itself a necessity, to guide you through local business practices and to pay appropriate 'commissions'.

19.4 Cultural difference

Cultural is the most significant problem on international projects. In this section I consider dimensions of cultural difference, how this impacts on project management and how to manage cultural difference.

Dimensions of cultural difference

There have been many studies into the nature of cultural difference. I consider first the work of Hofstede, and then attitudes to time and what needs defining.

HOFSTEDE
Hofstede[1] identified four parameters of cultural difference:

– *power distance*: the extent to which the less powerful person in a society accepts inequality in power and considers it as normal
– *individualism*: the extent to which individuals primarily look after their own interest and the interest of their immediate family (husband, wife, children)
– *masculinity*: the extent to which the biological existence of two sexes is used to define different roles for men and women
– *uncertainty avoidance*: the extent to which people are nervous of situations they consider to be unstructured, unpredictable or unclear, and the extent to which they try to avoid such situations by adopting strict codes of behaviour and a belief in absolute truths.

He surveyed 27 countries from 10 regions. Some of his findings are plotted in Figures 19.3 and 19.4 (regions and countries are represented by the codes shown in Table 19.1). In Figure 19.3 developing countries and Western countries form two district groups. The former are in the first quadrant, implying a greater respect for authority and society than in Western countries. In Figure 19.4 there is no pattern meaning that 'masculinity/femininity' and 'uncertainty avoidance' are unrelated to national wealth.

Table 19.1   Country ranking of fitness for project management

Rank	Country	Code	Initiation score	Planning score	Execution score	Termination score	Total score
1	Germany	GER	6.10	2.17	2.17	2.49	12..93
2	Italy	ITA	5.56	3.86	3.86	2.43	15.71
3	France	FRA	5.10	4.80	4.80	3.61	18.31
4	USA	USA	5.23	5.03	5.03	4.28	19.57
5	Netherlands	NGT	5.89	4.66	4.66	4.44	19.65
6	Norway	NOR	6.70	4.28	4.28	5.09	20.35
7	Gt Britain	GBR	5.45	5.12	5.12	5.26	20.95
8	Arab Countries	AR	5.48	5.11	5.11	6.49	22.19
9	East Africa	EAF	6.07	4.57	4.57	7.13	22.38
10	Sweden	SWE	6.57	5.17	5.17	6.41	23.32
11	Denmark	DEN	7.18	5.15	5.15	6.44	23.92
12	Japan	JAP	8.10	5.48	5.48	5.62	24.68
13	Thailand	THA	7.43	5.16	5.16	7.43	25.18
14	West Africa	WAF	6.74	5.91	5.91	8.21	26.77
15	Philippines	PHI	5.59	6.80	6.80	8.73	27.92
16	Yugoslavia	YUG	8.17	6.58	6.58	7.67	29.00
17	Malaysia	MAL	6.07	7.93	7.93	10.04	31.97

ATTITUDES TO TIME

We all know stories about Latins being free with time and Germans punctual. Attitudes to time reveal different mental programming. Germans believe events are controlled by planning and respecting deadlines. Things have to be ordered. Time is something tangible – it is limited and can be wasted and lost. Keeping people waiting is personally insulting, it implies they are not busy and are therefore unimportant. In this environment, a project leader meets few problems stressing the importance of missed deadlines. Plans are carefully thought out and followed. In other parts of the world, the Middle East and Japan, time is seen through much longer lenses. It flows organically, and things come together at appropriate moments. This view does not discount persistence in effort and thriftiness with resources. Emphasis is placed on doing things at once, particularly on getting relationships established. Doing things as they arise means interruptions which derail forward plans. Deadlines are seen as movable because it is more important to ensure that relevant issues are attended to when they occur so that continuity is maintained. Imagine, then, the confusion when a Japanese company, attempting to establish a project with a US organization, feels that a meeting to sort out how to proceed is urgent. They try to arrange it for two days' time but are told that senior American executives do not have time in their busy schedules within the next two months! The Japanese believe the Americans are not taking them and the relationship seriously.
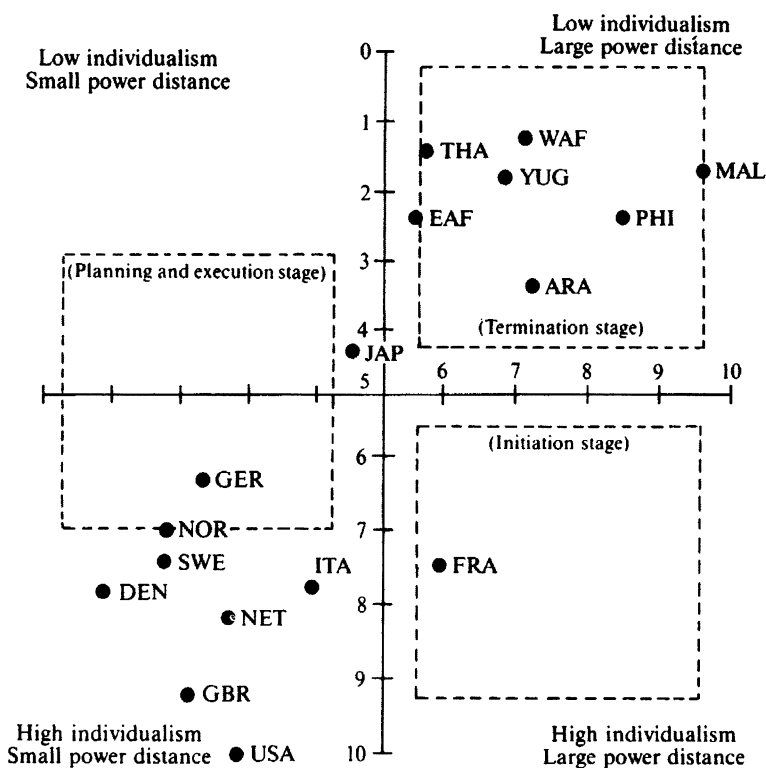
Figure 19.3 Country plot against Hofstede's cultural factors *power distance* and *individualism* against assumed preferred behavioural attitude scores within each project stage. *Source*: Hofstede, 1991

The Americans think the Japanese do not realize how busy they are running other aspects of their business.

WHAT NEEDS DEFINING
Some cultures like everything spelt out in detail, assuming that unless things are stated they become woolly and a source of disputes. This aspect of multi-cultural working causes the most obvious difficulties around contracts. This view is adversarial, concentrating on areas that *may* cause dispute. A different perspective is to focus on the common interest at the centre of most projects. Building sufficient contractual infrastructure to provide shape and a way of working is thought to be important. The conflicts of interest are expected to be worked out as they occur to meet the specific circumstances. The aim is to build and preserve a relationship that will realize the project's purpose. The English project manager, brought up
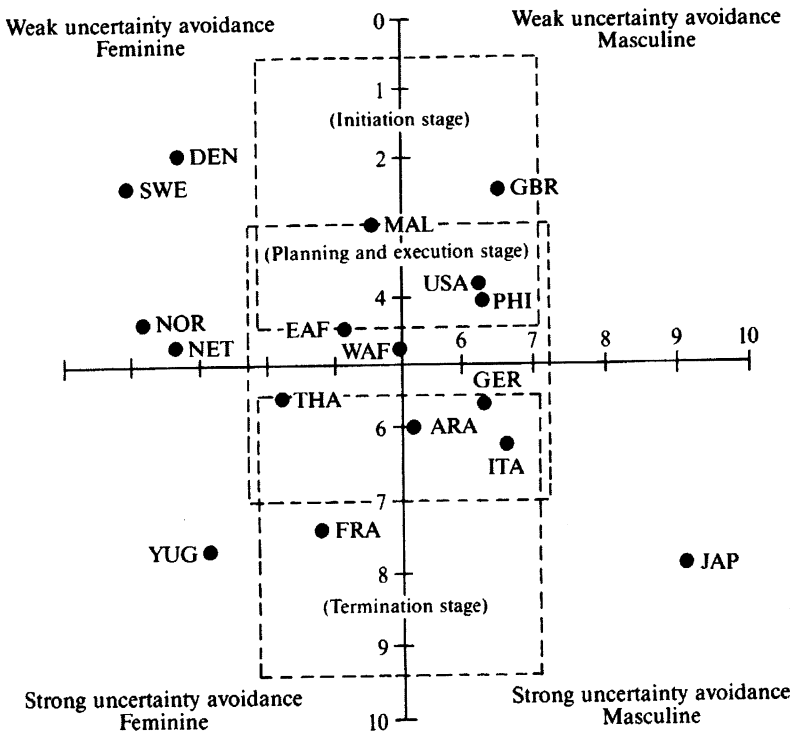
Figure 19.4   Country plot against Hofstede's cultural factors *uncertainty avoidance* and *masculinity* against assumed preferred behavioural attitude scores within each project stage. *Source*: Hofstede, 1991

in the adversarial tradition can expect a pragmatic approach to contracting when working with Swiss or French partners in a project. It does not mean that they are commercially careless or not astute business people.

Cultural profile of project managers

We sometimes assume project management is a discipline with universal rules, applied uniformly worldwide. This assumption views project management as a systems science, with mechanistic systems, applied universally. Project management really is a social science (some people even describe it as an art), which will be applied differently by different cultures. Jessen[2] proposed that the requirements for power difference, individualism and uncertainty avoidance varied throughout the life cycle of a project. He surveyed 60 projects from three continents, and deduced the level of each required at each of four stages of the life cycle (Table 19.2 and

Figures 19.3 and 19.4). (Masculinity he assigned a median score throughout since it appeared to have no affect on performance.)

Table 19.2   Preferred cultural approach, and assumed attitude scores, at each stage of the project life cycle

Trait	Feasibility	Design	Execution	Close-out
Power distance	High (7.5)	Low (2.5)	Low (2.5)	High (7.5)
Individualism	High (7.5)	Medium (5.0)	Medium (5.0)	Low (2.5)
Masculinity	Medium (5.0)	Medium (5.0)	Medium (5.0)	Medium (5.0)
Uncertainty avoidance	Low (2.5)	Medium (5.0)	Medium (5.0)	High (7.5)

1. During initiation, *power distance* should be high, as this is when the manager must give priority to the requirements and direction of top management (or the client). *Individualism* should also be high, as there is a need for creativity and innovative thinking during this stage; *uncertainty avoidance* should be low, as feasibility demands the ability to think in new directions and uncover new solutions, which often means risk, change and unpredictability.
2. During planning and execution the picture changes. *Power distance* should be low, as the people who do the work should also be responsible for planning and executing it. The main purpose of planning and execution is to ensure that the prescribed goals will be achieved and the project team are the best people to decide the method of achieving it.
3. During close-out attitudes should change again. *Power distance* should be high, as evaluation of the work done and results obtained are the responsibility of top management, because they are able to evaluate the work objectively, and also because they are able to view the project in its wider context. *Individualism* should be low for the same reason. *Uncertainty avoidance* should be high, as the termination of the project needs to be a well-structured process (Chapter 13), ending with the achievement of the project's objectives and ensuing benefits. Furthermore, the project team may feel insecure about the future, and so the manager should aim to maximize their security.

Doing a least squares fit of a country's Hofstede scores to the requirements for effective project management derived from his survey, he deduced a country's performance at each stage of the project life cycle and overall (Table 19.1).

The results show that project management is typically a Western approach to problem solving. It is probably also not surprising that Germany is top of the list; their very systematic industrial approach could

well have been the model for the initial development of project management in the United States in the early 1950s. Arab countries and East Africa are also in the upper half of the list, showing either an in-built ability in these cultures to use the project approach, or a very strong and perhaps forced implementation of project management in these countries by Western cultures, which may have directly affected their behaviour.

Most European countries fit into the accepted mould for project management, having the right structural tools for systematic planning, organizing and executing projects. They have self-confidence (high individualism) for taking on challenging tasks and doing them independently (low power distance), and accepting and fighting risks (low uncertainty avoidance). Their weakness occurs during start-up and termination, when it is necessary to ensure that the organization is doing the right projects, and ensuring that the completion of the project results in the required benefits.

Scandinavian countries, which often regard project management as typifying their cultures, score fairly low. They are well known for managing nearly everything through projects, with the result that organizations have far more projects than they have resources to handle them, and large files of projects almost never terminated.

The United States, which invented the concept of project management 50 years ago, scores well in both diagrams, but their small power distance, and their high acceptance of risk, expressed as weak uncertainty avoidance, could result in weak project termination, implying unnecessary time and cost overruns.

Japan seems not to fit the project profile particularly well in any diagram, having too strong an uncertainty avoidance, and lacking a profile that triggers project initiation, planning and execution. As we know this has not prevented powerful industrial development in that country. It is probably also not so remarkable that the project approach is less used in Japan. Instead they prefer approaches such as production programming and quality circles which fit more with their cultural preferences, and are the backbones of their success.

Developing countries score fairly low on many of the described project management features. Indeed, these are the same factors for which they are often criticized by Western aid providers. However, they score fairly well on project initiation, and they have a good balance between femininity and masculinity. Futhermore, their balanced uncertainty avoidance is a great advantage during project planning and execution. Here their fit is much better than, for instance, the Scandinavian countries.

Finally, we can match in project performance between pairs of countries. This provides interesting comparisons. For instance, the United States and

Great Britain get very high score values in Africa, the Middle East and South East Asia, and, surprisingly, the host country also acts as teaching agent with their greater ability at project initiation. It is also surprising that the Scandinavian countries, which in Hofstede's analysis came out with very much the same cultural profile, seem to behave quite differently when compared on the different project phases. Norway, for instance, performs very well at project planning and execution in East Africa, while Sweden seems to be much better off in the Middle East. Hence, contrary to the common belief that the Western-oriented techniques of project management are just straightforward procedures that anyone can learn and implement, there are considerable cross-cultural problems in pursuing the approach in non-Western countries. Usually, insufficient focus is given to the fact that project management is not just a technique; it is an attitude of mind. Project management originated in Western countries, and its popularity has been steadily growing, but the outcomes have not always been in line with the expectations, particularly in developing countries. Traditionally this has been explained as a weakness in the local human resources, and the remedy being more training in the different mechanics of project execution, often in a Western setting. However, the reason for poor project performance may well be a weak understanding of local needs by Western countries, particularly needs beyond the project scope which are hard to articulate and define in Western terminology. Futhermore, many Western cultures are weak in both the project initiation and the project termination phases, due to their individualistic attitudes towards authority, risk and challenge, and quality of life. In summary, in spite of its increasing popularity and widespread appeal, the many pros and cons of the project approach should be given serious consideration before implementing it. In particular, the following two issues should be addressed:

1. The project concept is based on a limited resource effort, laid out in a stages development. Each stage has its own distinguishing characteristics requiring a unique attitude; from the creative, strategy-oriented and holistic approach in the early stages, to the very formal, tightly controlled and administrative-oriented performance necessary towards the end of the project.
2. Even though the project approach originated in Western cultures, these cultures are not necessarily the best ones for staffing and directing all stages of a project's phases, particularly in developing countries. It could be quite educational for Western cultures to honour alternative approaches to problem solving and execution, particularly where other cultural attitudes in fact present the better project performance.

The project leader's role in managing differences

Faced with such a bewildering array of factors, all conspiring to reduce project performance, project managers might be forgiven for wanting to cut and run! However, there is a range of strategies emerging that companies and project managers can employ in order to realize the full synergistic potential of cross-boundary project teams.

PROJECT MANAGER SELECTION

Too often we find wholly unsuitable project managers are dumped into complex situations. No one has taken care to think about which sort of person and experience is best suited to making a success of these complex roles. Before managing such projects, project managers should have had experience working in different organizations, managing a range of disciplines and, ideally, having lived and worked in more than one country, preferably as a member of project teams (see Example 19.9).

I worked with a company where the head of Estimating wanted to try his hand at project management. The only project he managed was in Israel, and the project was 100 per cent overspent.

Example 19.9 Project manager selection

AWARENESS OF OWN PROGRAMMING

It is sometimes a surprise to project leaders to realize that to work in a multi-cultural environment they need to be aware of their own mental programming. If the project leader is from the company and country owning the project, the automatic assumption is that things will be done 'our' way. One challenge for a project leader is to balance and evolve the demands of the interface between their 'home' organization, the client organization and culture, and team members. Companies who work internationally find that to be successful they have to modify their own thinking and working practices. Cross-cultural working is a two-way street, not colonization.

AWARENESS OF OTHERS' CULTURAL PROGRAMME

Working in multi-cultural environments requires the project leader to appreciate that things will be done, seen and understood differently. Project leaders need to be curious, not shocked, and should demonstrate interest in finding out and understanding different people's world views. They need to respect values leading to behaviours alien to them, but important to the individuals and society to which they belong. Assuming things will be done 'our way' only pushes differences underground so that they become

embedded blockages. This easily creates an atmosphere of winners and losers which can prejudice effective delivery.

LEADERSHIP AND MEMBERSHIP OF PROJECT MULTI-CULTURAL TEAMS

For teams to work effectively, the roles and responsibilities of the leader and team members, both individually and collectively, must always be agreed upon. If the team is composed of people from different cultures, the expectations of leadership and membership differ. Clarifying the degrees of equality, responsibility and accountability expected of the leader and members is fundamental. So team start-up and team building is vital for success. The activities well known in team-building events will be just as important, but extra dimensions need to be added for international teams. There are three dimensions that have to be orchestrated to achieve high performance:

– ability to discuss and respect established ways of working
– awareness of own cultural programming
– awareness of others' cultural programming.

ABILITY TO DISCUSS AND RESPECT ESTABLISHED WAYS OF WORKING

This means building a team culture where cross-cultural issues are openly discussed, so that appropriate ways are found to integrate all needs. In addition to formal team-building sessions, informal contacts between team members, suppliers, clients and other stakeholders establish and nurture networks, and create links that accelerate mutual understanding, curiosity and mutual respect. In low definition cultures, informal relationships and getting to know individuals are considered more important than formal relationships (see Example 19.10).

An English project manager commissioning a chemical plant in Latin America recognized that he and his family would have to spend a lot of time getting to know local dignitaries, suppliers, politicians and government officials if he was to be able to set up and hand the plant over. He explained that when at home he rarely saw anybody from work. He was keen on his garden and being with his family. However, he realized that his new job would place a whole new set of responsibilities on him and his family in a new culture. Social activities connected with work had to be undertaken.

Example 19.10 Respecting local ways of working

ACCELERATE PERSONAL NETWORK DEVELOPMENT

The development of good personal relationships between people who have shared experiences is one of the most potent ways a project manager can

influence project performance. However, companies in long-term joint ventures can also influence the wider networks through frequent job interchange, personal mobility, lateral career moves, interorganization conferences, meetings and training courses. The more the webs of relationships between the organizations intertwine the better. This must be done not only at the top, but at all levels of the organizations concerned. IBM call this 'entanglement'.

LANGUAGE

Decide early on a common working language. Provide accelerated language training for all those whose first language is not the chosen language. Work hard on those for whom it is the first language to modify the way they speak. They must think as if it were a foreign language and should talk slowly, enunciate clearly and avoid slang or jargon. Simultaneously, however, find ways to make it easier for those who are learning by translating key documents into several languages and by having a newsletter in more than one language.

CROSS-BORDER COACHES

Identify people across the organization who have an awareness of the dimensions of difference and use them as coaches or mentors to the project team, either on training courses or available to advise less experienced people about how to operate effectively in such environments. Such coaches can be supplemented by more formal cultural briefings about different countries that are increasingly available from specialist organizations.

COMMUNICATIONS INFRASTRUCTURE

New communications technologies are powerful tools for project managers, but they frequently fail to live up to their promise. The key lesson is not to fall into the trap of believing that e-mail, electronic and video conferencing, groupware and other technologies get people communicating. The personal relationships and networks need to be built in part first, and then the technologies can help dramatically to develop these networks further. Get the basics in place at the beginning: good telephones, several fax links and a good directory of who is who, what they do and how they can be contacted. Supplement these with project start-up workshops, where all the key players get to meet each other personally and work together, and you will have rapidly created the basic technical and interpersonal infrastructure you need. Out of this, the need and scope for more sophisticated methods will emerge more clearly.

19.5 Projects in developing countries

Projects in developing countries often involve additional problems to those discussed above. The projects are often funded by governments or international aid agencies rather than by the normal commercial sources. They also have different criteria for success or failure. Similarly, because the benefits of the projects are not necessarily to be enjoyed by those funding it, conflict is likely to arise between those directing or managing the project and other interested parties. This is particularly acute where cultural differences in approach to management techniques have an important part to play. We consider problems arising from:

– lack of infrastructure
– differing perceptions of host and donor countries.

Lack of infrastructure

Problems with lack of infrastructure can be more serious than one might expect. We take for granted the availability of everyday facilities and commodities. In developing countries you cannot afford to take anything for granted, and you cannot expect to buy your way out of trouble if the item you need does not exist in the locality. This may give the following impact on your operations:

PROCUREMENT
The availability of bulk materials and consumable items which would normally be bought locally has to be researched carefully. You should not assume that adequate supplies of everyday raw materials, such as aggregate, cement and water, will be available to you or your contractors when you need them.

CONTRACTING
Items which you would normally delegate to the contractor to supply have to be procured by you, requiring you to make more detailed materials take-offs, and putting you at considerably more risk for claims from contractors for late deliveries of materials.

TRANSPORT AND COMMUNICATIONS
Some projects in developing countries make heavy demands on local transport facilities. Although practical in an advanced country, special planning would be required to store and make phased deliveries in a developing country.

DOMESTIC ACCOMMODATION, CANTEEN AND RECREATION FACILITIES
It may require a significant effort to provide these to a suitable international standard. The living conditions of the expatriate in a developing country

require special attention. It is normal for long hours to be worked, and there is often very little to do during rest periods. The enemy then is boredom, particularly when the climate is not very agreeable and the project location is remote. This applies to everyone in the project team and particularly to the spouses and families.

UTILITIES
The provision of power, water (potable and for construction purposes) and industrial gases may add considerably to the cost of your operation.

SERVICES
The availability of adequate medical facilities, laundry, schools, shops, etc. all have to be considered when mounting an operation in a developing country.

IMPORT RESTRICTIONS
Developing countries place import restrictions on many commodities, sometimes to protect their own industry and sometimes to save valuable currency. Whatever the reason, this type of problem is likely to hit you when you least expect it. It may be that the project manager is unable to import his or her Range Rover or, more seriously, you may have to make do with an inferior local product at a critical stage.

RESTRICTIONS ON WORK PERMITS
For many reasons the authorities in developing countries place restrictions on who they will allow to work in their country. Having secured permission to enter the country, delays may still occur before a work permit is issued. This places a considerable administrative workload on the project. Applications for work permits usually have to be endorsed by the foreign national who is sponsoring the project. This often gives a client the right to dictate the numbers of personnel and the individual that you can employ, even although such a right is not written into your contract.

Differences of perception
Projects are undertaken in developing nations for three conflicting reasons:

– as a vehicle for economic development
– to provide employment
– as a tool for management development.

At first sight, the first two may seem to be compatible; the first creates the second. However, the first requires the project to provide a good financial return for the investors, and that requires the right products to be produced

at the lowest cost, which often leads to the use of capital-intensive, high technology. However, for the recipient nation it may be socially, economically and culturally desirable to use labour-intensive processes to create employment for growing populations, conserve foreign reserves and protect the cultural heritage. The project itself also provides employment, as described in Example 19.4, which works against its early, efficient completion. The need of developing nations to use projects as a vehicle for management development works against both the other objectives. Donor nations would like to use their own experienced managers, but the developing countries must use projects to create efficient, wise management.

Different view of the owner
The donor country views itself as sponsor, and primary decision taker; the recipient country view themselves as owner, and the donor country as merely a funding agency. They may even view the donor country's desire to be primary decision taker as neo-colonialism. However, a greater problem than these is the cultural differences between the two countries, which may mean they take a radically different approach to managing projects. The donor nation often tries to impose its approach, because it has greater experience of project management. That may not be appropriate in the cultural environment of the recipient nation, and indeed it is the latter who is best able to decide what is best. It also conflicts with the recipient nation's need to develop its own managers.

The problem of organization
I have shown that certain organizational structures and planning procedures seem to support effective project management better than others, and certain information and communications systems seem to be more effective at achieving objectives which satisfy both the project and the parent organization. Effective project management has all four stages of the life cycle under the control of one company or organization. This enables the company to set the basic rules for developing the right type of project organization, with particular emphasis on convincing all levels of management of the advantages of, and the necessities for, proper project management. The problem which project managers often face is that even though their role is far more than that of a middle manger in a traditional, functional organization, this is seldom fully recognized by higher levels of management. Project managers find themselves under constant pressure to deliver results, but ones which require extensive internal cooperation and high level approval. Projects by nature demand change, and often senior management initially accept the importance of these changes, but when the

execution of the project requires them to change their traditional roles, they refuse to cooperate because they find the new situation threatening.

This is particularly prevalent in developing countries. Too many projects have been initiated with the best of intentions from all parties involved, but have faltered because the project manager, or senior management, have not established a workable organization with adequate definition of responsibility combined with proper lines of communication. In environments where the participants have different values, different frames of references, different standards and cultural norms, and even different languages, these problems can be quickly magnified.

The problem of efficiency

The importance of understanding cultural difference in performing projects in developing countries is well known, but the practical implications are not widely recognized. The main reason is a problem of measurement. While money, goods and labour are readily measured, the change in cultural factors such as motivation, communication and leadership performance are far more difficult to assess. However, without understanding how to develop metrics for the latter, the former is very difficult to influence. Since it is generally assumed that a sound society should be effective, that is function according to its objectives, the purpose of administration must be to ensure that higher performance and effectiveness is obtained to achieve these objectives.

Effectiveness is a term used when describing private and public activities, but it is not easy to define (Sections 1.2 and 18.4). Productivity is easier to observe, defined as the quantitative relation between outcome of production against use of resource. The output is either goods or services, specified in terms of quantity or measurable quality. The use of resources can be expressed as work, services, raw materials, equipment, plants and financial resources, measured in financial terms.

In the West, productivity is widely accepted as a central factor in fuelling economic growth, creating surpluses for increased living standards and combating inflation. However, it must be given a simple, commonly understood measurement if it is to be evaluated as a factor for economic growth; its measurement must be good enough to establish wage and income distribution policies, determine cost and price levels, and identify investment and training needs in particular sectors. The more complex an environment, as in development projects, the more difficult it is to attribute productivity measures to particular projects, as they can often mean different things to different people in different contexts.

Since high productivity can only exist in a supportive environment, project strategies in developing countries must ensure conditions exist for

productive development. One shortcoming in the teams of both the donor and recipient countries may be an inability to mobilize, allocate and manage financial, material and human resources against mutually acceptable productivity measures. The West's models promote planned structural changes and procedural effectiveness. However, this can lead to fatal misconceptions about what should constitute measures of success in cultures different from their own, and to a consistent failure to check whether local capacities match the requirements for execution.

The problem of close-out

In developing countries, it is often difficult to say how people working on a project will be employed after it is completed. In organizations and cultures where projects are part of well-defined strategies, this is less a problem since the parent organization can usually cater for the released manpower from recently completed projects. However, this is not the case for development projects taking place in developing countries, where the end objective may in fact be unclear, and where the parent organization does not really exist within the country, but is imported from the funding country. In these situations, the staff are only employed for the duration of the project itself, and there is no parent organization to return to on completion of it. The problem is exacerbated if the economy of the country is weak and so there are only a limited number of job opportunities, which is generally the case in developing countries. Indeed, this is true even in Western countries at times of high unemployment.

19.6 Managing international projects

In describing the management of international projects, it is worth while to consider two further issues:

– the selection of the overseas project team
– the selection of an international partner.

The overseas project team

The character of any team is determined by the quality of its senior personnel. This is especially true of the international project where individuals are thrown together more closely and there is less scope for toleration of personalities who do not fit in. A good project team does not just happen. It is achieved by hard work, particularly by the project manager, and this work has to be done before the overseas team is mobilized. The selection of the project team itself also requires careful consideration. Factors which should be taken into account when selecting personnel include:

ABILITY TO WORK WELL WITH OTHERS
This is probably the most important characteristic. The turnover on international projects is caused more by poor interpersonal relationships than by deficiencies in technical skills. Character deficiencies are more serious in the close confines of the international project than they are in the home office (see Example 19.9).

PRIOR EXPERIENCE ON OVERSEAS APPOINTMENTS
This is always a good pointer, but check with previous employers or managers. The person you are considering may be the one person who did not fit in with the rest of the team.

STABILITY UNDER PRESSURE AND ABILITY TO COPE
There are many pressures on the expatriate staff member and his other family while working overseas. These include:

– working and making decisions on the spot with limited support
– coming to terms with different working patterns and practices of other foreign nationals
– overcoming language barriers
– domestic pressure from the family due either to working abroad with single status or to the family themselves trying to come to terms with the problems of living abroad.

VERSATILITY
The overseas team requires personnel who are able to cope with every situation which may confront them, be it the breakdown of a much-used computer system or the emergency repair of a broken down car under hazardous conditions. You have to have personnel skilled in their own technical disciplines, but it pays to look for hidden talent as well!

PATIENCE AND DIPLOMACY
Overseas personnel at all levels have to have interpersonal skills and be able to relate to the nationals in their host country.

PROFESSIONAL EXPATRIATES
These are people who spend a high proportion of their lives working on major overseas contracts for a variety of clients. They can bring a vast range of experience to a project team not only in a technical sense, but also in such important areas as knowledge of local customs, how to get things done and general environmental awareness.

The international partner

Many problems of overseas working can be overcome by working with partners experienced in the countries concerned, especially choosing a local partner. In order to be confident of the relationship, you need to be careful in partner selection. Issues important in choosing a partner include:

NATURE OF THE COMPANY

Since your fortunes are linked to how well partners do their job and respond to the unpredictable, a clear-sighted view is needed of their reliability in the face of risks. There should therefore be a thorough review of their financial strength, backing, track record in the technology and markets, and their strengths and weaknesses. This is especially important with new partners.

RELATIONSHIP WITH GOVERNMENT

Since most overseas projects involve export credit guarantees, overseas aid, or other financial aspects impinging on government relationships, the effectiveness of a partner's relationships with its own government could be crucial. For particularly large or controversial projects, it may be necessary to create contacts between national governments, in which case it is vital to have good links established at both company and government level.

ATTITUDE TO RISK

Risk on international projects include normal contractual risks such as bid and performance bonds, penalties, damages, but also major additional risks such as climatic conditions, delays and damage in port and freight handling, and security of storage. The most important interface with partners is their readiness to tolerate the extra cost of responding to these risks. An essential prerequisite to agreeing the scope of shared work, is to define roles and responsibilities clearly, and to be sure of the channels of communications on solving joint problems. The awkward issues lie in ensuring precise monitoring and identification of problems early enough for joint management decisions.

MARKET AND LOGISTICS CAPABILITY

In the context of the market, the partner's competence in handling an international project should complement and be integrated with one's own, so that actions to clients, authorities, local interests and government agencies are consistent and tactfully effective.

19.7 Summary

1. International projects may include:
   – projects in your own country for a foreign client
   – projects in your own country using foreign contractors
   – projects in a foreign country for which you are client
   – working as a contractor for a client in their home country
   – projects in a foreign country for clients also alien to that country
   – multinational joint ventures.
2. Problems on international projects are created by:
   – culture
   – degrees of distance
   – organization, management and communication
   – productivity and logistics
   – local legislation and regulation.
3. Dimensions of cultural difference include:
   – uncertainty avoidance
   – power distance
   – individualism
   – masculinity
   – role of time
   – consideration of detail.
4. In order to manage these differences, managers need to:
   – select an appropriate project manager
   – be aware of the programming of themselves and others
   – use appropriate leadership styles
   – discuss and respect established ways of working
   – accelerate personal network development
   – use appropriate language
   – use cross-border coaches
   – develop a communications infrastructure.
5. Additional problems of projects in developing nations include:
   – lack of infrastructure
   – different objectives
   – different view of the owner
   – the problem of organization
   – the problem of efficiency
   – the problem of close-out.
6. In putting together a management approach for international projects, you need to:
   – choose appropriate staff
   – choose an appropriate local partner.

References

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Note

a. Research for this chapter was undertaken by (in alphabetical order): Chris Benjamin, Wendy Briner, Colin Hastings, Mike Hougham and Svein-Arse Jessen. In using their research, I have sometimes drawn heavily on their text.